James H.M. Sprayregen, P.C.
Paul M. Basta
Edward O. Sassower
Chad J. Husnick
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

*Proposed Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF NEW YORK**

| | | |
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| In re: | ) | Chapter 11 |
| MSR RESORT GOLF COURSE LLC, *et al.*,[1] | ) | Case No. 11-10372 (SHL) |
| Debtors. | ) | (Joint Administration Requested) |

**DECLARATION OF DANIEL KAMENSKY OF MSR RESORT GOLF COURSE LLC (A) IN SUPPORT OF DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS AND (B) PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2**

[1] The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: MSR Resort Golf Course LLC (7388); MSR Biltmore Resort, LP (5736); MSR Claremont Resort, LP (5787); MSR Desert Resort, LP (5850); MSR Grand Wailea Resort, LP (5708); MSR Resort Ancillary Tenant, LLC (9698); MSR Resort Biltmore Real Estate, Inc. (8464); MSR Resort Desert Real Estate, Inc. (9265); MSR Resort Hotel, LP (5558); MSR Resort Intermediate Mezz GP, LLC (3864); MSR Resort Intermediate Mezz LLC (7342); MSR Resort Intermediate Mezz, LP (3865); MSR Resort Intermediate MREP, LLC (9703); MSR Resort Lodging Tenant, LLC (9699); MSR Resort REP, LLC (9708); MSR Resort Senior Mezz GP, LLC (9969); MSR Resort Senior Mezz LLC (7348); MSR Resort Senior Mezz, LP (9971); MSR Resort Senior MREP, LLC (9707); MSR Resort Silver Properties, LP (5674); MSR Resort SPE GP II LLC (5611); MSR Resort SPE GP LLC (7349); MSR Resort Sub Intermediate Mezz GP, LLC (1186); MSR Resort Sub Intermediate Mezz LLC (7341); MSR Resort Sub Intermediate Mezz, LP (1187); MSR Resort Sub Intermediate MREP, LLC (9701); MSR Resort Sub Senior Mezz GP, LLC (9966); MSR Resort Sub Senior Mezz LLC (7347); MSR Resort Sub Senior Mezz, LP (9968); and MSR Resort Sub Senior MREP, LLC (9705). The location of the debtors' service address is: c/o CNL-AB LLC, 1251 Avenue of the Americas, New York, New York 10020.

I, Daniel Kamensky, declare as follows:

1. I serve as the Secretary and Treasurer of each of the above-captioned debtors (collectively, the "Company" or the "Debtors") in these chapter 11 cases.[2] In addition to my role with the Debtors, I also am a partner at an affiliate of Paulson & Co. Inc. I am generally familiar with the Debtors' day-to-day operations, business affairs, and books and records, as well as the Debtors' restructuring efforts. I submit this declaration (this "Declaration") in accordance with Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the "Local Bankruptcy Rules") to assist this Court and parties in interest in understanding the circumstances that compelled the commencement of these chapter 11 cases and in support of: (a) the Debtors' petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") filed on the date hereof (the "Petition Date"); and (b) the emergency relief that the Debtors have requested from the Court pursuant to the motions and applications described herein (collectively, the "First Day Pleadings").

2. The First Day Pleadings seek relief necessary to avoid immediate and irreparable harm to the Debtors by allowing them to continue their operations and minimize disruptions to their business that could otherwise result from the commencement of these chapter 11 cases. Specifically, the First Day Pleadings seek relief allowing the Debtors to: (a) stabilize and maintain their business operations through, among other things, the use of cash collateral; (b) preserve relationships with resort property managers and other key constituencies; (c) limit disruption to the Debtors' business by continuing the use of their prepetition cash management

[2] As described below, CNL-AB LLC became the equity owner in the Debtors on January 28, 2011. The following declaration contains the most complete and accurate information I have been able to obtain during the period of time I have had an involvement with the Debtors' businesses.

system; and (d) establish certain administrative procedures to facilitate an orderly transition into, and uninterrupted operations throughout, the chapter 11 process.

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with other members of the Debtors' management team, Pyramid Resort Asset Management LLC, and the Debtors' advisors, my review of relevant documents and information concerning the Debtors' operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

4. To assist the Court in familiarizing itself with the Debtors, their business, and the initial relief sought by the Debtors to stabilize operations and facilitate their restructuring, this Declaration is organized into four sections. Section I provides background information with respect to the Debtors' corporate history and their business operations, as well as a summary of the Debtors' prepetition capital structure. Section II describes the circumstances leading to the commencement of these chapter 11 cases. Section III summarizes the relief requested in, and the facts supporting, each of the First Day Pleadings. Section IV provides an overview of the exhibits attached hereto that set forth certain additional information about the Debtors, as required by Local Bankruptcy Rule 1007-2.

## PRELIMINARY STATEMENT

5. The Debtors constitute a business enterprise that invests in, owns and operates five iconic luxury resort properties with related real estate properties and amenities, including 14 separate golf courses, over 35 food and beverage outlets, and over 432,000 square feet of meeting space in the United States. Specifically, the resorts are: (a) the Grand Wailea Resort Hotel & Spa ("Grand Wailea") in Maui, Hawaii; (b) the La Quinta Resort & Club and PGA West

("La Quinta") in La Quinta, California; (c) the Arizona Biltmore Resort & Spa ("Arizona Biltmore") in Phoenix, Arizona; (d) the Doral Golf Resort & Spa ("Doral") in Miami, Florida; and (e) the Claremont Hotel Club & Spa ("Claremont") in Berkeley, California (each a "Resort" and collectively, the "Resorts"). In 2009, these five Resorts and related assets produced approximately $433 million in consolidated revenues and approximately $46.4 million in adjusted net operating income compared to approximately $588.3 million and $153.2 million, respectively, in 2007. This decline in revenue and net operating income corresponded to the economic decline in the United States and the world through this period. The Debtors' irreplaceable assets were not immune to the economic turmoil that reduced travel and business and consumer spending through this period.

6. As indicated on the diagram of the Debtors' corporate structure attached hereto as **Exhibit A** (and as further discussed in Section I.B below), each of the Debtors are wholly-owned indirect subsidiaries of non-Debtor CNL-AB LLC ("CNL-AB"). CNL-AB is a joint venture consisting of affiliates of sophisticated real estate investors. The managing member of CNL-AB with respect to these assets are affiliates of Paulson & Co. Inc. ("Paulson"), one of the largest hedge funds in the world with approximately $36 billion of assets under management and an investor with considerable real estate and restructuring expertise.[3] Paulson's primary partner with respect to these assets is a joint venture, affiliated with Winthrop Realty Trust ("Winthrop"), a real estate investment trust with over $500 million of assets. The affiliates of Paulson and Winthrop, together with other investors, recently became the indirect parent of each of the Debtors following CNL-AB's January 28, 2011 foreclosure on 100% of the membership interests in MS Resorts III, LLC (the "Corporate Mezzanine B Borrower") (the non-Debtor

[3] As discussed above, in addition to my role with the Debtors, I am a partner at Paulson.

indirect parent of each of the Debtors), which membership interests were pledged as security under a $200 million loan to non-Debtor affiliate MS Resorts IV, LLC (the "Corporate Mezzanine C Borrower") held by CNL-AB. As new owner of the Debtors, CNL-AB believes there is significant value in the assets and is focused on reorganizing the Debtors' businesses, improving the efficiency of the Debtors' management and operations, and positioning these assets to better compete with their peer group to maximize the value of the Debtors' irreplaceable Resorts. In addition, the Debtors believe there is tremendous value in the Debtors' excess land, real estate, and related assets.

7. Since October of 2009, the previous owners of the Debtors and their non-Debtor affiliates had been attempting, in a variety of ways, to address cash shortfalls and recapitalize the Debtors' debt structure in a consensual manner. Despite these significant efforts, no viable solution was produced by the previous owners and progress had stalled.

8. In January of 2011, however, CNL-AB took a significant step toward a comprehensive restructuring of the Debtors' balance sheet, reaching an agreement with the prior equity holders and the other corporate mezzanine lenders that effectively eliminated $600 million of mezzanine debt and eliminated the obligation to pay $200 million in structurally subordinated preferred equity. As a result of this recent progress, the Debtors (and CNL-AB) are optimistic that, given a reasonable opportunity, they will be able to broker an agreement with the Debtors' remaining constituencies on the terms of a consensual restructuring of the Debtors' outstanding indebtedness.

9. CNL-AB's most pressing concern as new indirect parent of each of the Debtors was the imminent maturity of approximately $1.5 billion of the Debtors' secured debt on February 1, 2011, *i.e.*, a mere four days following the completion of the foreclosure. Given that

limited time period, CNL-AB cooperated with the previous owners of the Debtors prior to the foreclosure in an attempt to obtain limited extensions of the maturities of the Debtors' loans to facilitate continued negotiations on the terms of a consensual restructuring after the foreclosure was completed.

10. Unfortunately, given their numerous creditor constituencies, and the timing of the impending maturity date, the Debtors were unable to achieve a limited extension of the loan maturities obligations and were left in a position where they would have been unable to pay all of their debts when due. Accordingly, in order to protect and preserve their assets from disruption, confusion, and deterioration of value, the Debtors commenced these chapter 11 cases.

11. Substantial value exists in the Resorts and the Debtors' other assets, and the Debtors remain confident in the prospects of their business on a going-forward basis. The Debtors' Resorts are iconic luxury properties located in some of the most desirous destinations in the United States:

- The Grand Wailea, built in 1991 on 40 acres of beachfront property on the island of Maui, has 780 rooms/suites, approximately 91,000 square feet of meeting space, a 50,000 square foot spa, and approximately 18,000 square feet of retail space;
- The La Quinta, built in 1926 on 45 acres at the base of the Santa Rosa Mountains in the Palm Springs, California resort area, has 796 rooms/suites, approximately 66,000 square feet of meeting space, a 23,000 square foot spa, and nine championship golf courses designed by some of golf's legends, including Pete Dye, Jack Nicklaus, and Greg Norman;
- The Arizona Biltmore, built in 1929 in Phoenix, Arizona, has 739 rooms/suites, approximately 100,000 square feet of meeting space, a 22,000 square foot spa, and architecture influenced by Frank Lloyd Wright (who served as a consultant during the Arizona Biltmore's design and construction);
- The Doral, built in 1962 in Miami, Florida, has 692 rooms/suites, approximately 87,000 square feet of meeting space, a 50,000 square foot

spa, and five championship golf courses, one of which hosts an annual PGA tour event; and

- The Claremont, built in 1915 and overlooking the San Francisco Bay, has 279 rooms/suites, approximately 26,500 square feet of meeting space, and a 20,000 square foot spa.

12. The Resorts generate a variety of revenue streams with their significant spa, golf, retail operations, and food and beverage outlets. Moreover, the Debtors' excess land holdings and extensive existing and potential entitlements are potential sources of future growth and value for the Debtors. Entitlements are rights granted generally by local planning or zoning boards to use excess land for other uses, including commercial or residential developmental uses. Finally, the Debtors believe that the hospitality industry is at or near the bottom of a historic down-cycle and is poised for a significant recovery in the years ahead, especially given the extremely limited amount of new supply expected in the luxury resort market. Accordingly, the Debtors are optimistic that the revenue-generating capabilities of their Resorts together with significant embedded real estate values will permit the Debtors to satisfy all of their outstanding secured debt obligations over time.

13. The Debtors believe that it is critical for CNL-AB and all of the Debtors' other stakeholders to fully understand the Debtors' material contracts, management, operations, assets, and liabilities to achieve a successful restructuring of the Debtors' obligations and maximize the value of the Debtors' estates. Carefully considering all aspects of the Debtors' business will allow the Debtors to determine the amount of value that exists, which can be used to satisfy the obligations owed to the Debtors' existing constituents.

14. Contemporaneously herewith, the Debtors have filed a standard set of first-day pleadings that will allow the Debtors to operate the Resorts in the ordinary course and minimize disruptions to their businesses. The recent change to the ultimate equity ownership of the

Debtors necessitates a reasonable period for CNL-AB to undertake the required analyses, engage with the Debtors' constituents, and develop an appropriate restructuring strategy. The Debtors are confident that they will be able to consummate an expeditious, comprehensive restructuring of their obligations that will maximize the value of the Debtors' estates for the benefit of all constituents.

# I. GENERAL BACKGROUND

## A. Company Business and Overview.

15. As noted above, the Debtors invest in and own five iconic luxury resort properties and amenities in the United States. The Resorts are managed by non-affiliated third-party managers (collectively, the "Resorts Managers")[4] and certain aspects of the Debtors' business is managed by the Asset Manager. The Debtors generate and receive cash from operation of the Resorts. Specifically, cash is generated from revenues related to resort rooms, food and beverage, spas, golf memberships and greens fees, destination services, parking, store rentals and concessions, resort charges, and other miscellaneous income (collectively, the "Revenue"). Except with respect to Doral,[5] the Revenue collected at each Resort is received by the respective Resort Manager and deposited into certain accounts, including depository and operating accounts (the "Operating Accounts"), which are held by the Tenant Entities (as defined below). While the Resort Managers are charged with responsibility for all of the day-to-day tasks associated with

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4 The Debtors' Resort Managers are: 90210 Management Company, LLC (a/k/a Hilton/Waldorf-Astoria) (for Arizona Biltmore, Grand Wailea, and La Quinta); Pyramid Acquisition II Management L.P. (for Claremont); and Marriott International, Inc. (for Doral).

5 The cash management system at Doral operates differently. There is a centralized account (the "Centralized Account") held by Marriott Business Services, an affiliate of the Doral Resort Manager, that is the initial recipient of certain Revenue generated at Doral. The payment of the majority of Doral's operating expenses is made from the Centralized Account. After payment of operating expenses at Doral is complete, Marriot then transfers any excess revenue to Doral's single Operating Account held by the respective Tenant Entity (as defined below).

operating and managing the Resorts, it is the Operating Accounts that fund the majority of the Resort operating costs. Furthermore, the Resorts have a capital expenditure and furniture, fixture, and equipment reserve account that is set aside to make certain improvements to the Resorts. The reserve account is held in the name of the Property Owning Entities (as defined below).

16. Prior to the Petition Date, after payment of Resort operating costs, management fees to the Resort Managers, and reserves for working capital, the Debtors used remaining net Resort Revenues to pay the Debtors' other obligations. These obligations included debt service on the Mortgage Loan (as defined below) and the Mezzanine Loans (as defined below).

17. As noted above, the Debtors rely on the Resort Managers to manage the Resorts. While the Debtors monitor and oversee Resort operations through the Asset Manager, it is the Resort Managers who are most familiar with the day-to-day operations of the Resorts. The Resort Managers are not affiliated with the Debtors and, to the best of my knowledge, none of the Resort Managers serve on any of the Debtors' boards of directors or have an ownership interest in the Debtors. The Debtors transact with the Resort Managers on an arm's-length basis.

18. The approximately 3,800 Resort employees are provided by the Resort Managers and most of the Debtors' corporate functions are provided by the Asset Manager. Consequently, the Debtors themselves do not have any employees.

19. As of November 30, 2010, the Debtors' financial statements reflect consolidated assets totaling approximately $2.2 billion and consolidated liabilities totaling approximately $1.9 billion. Consolidated revenues for the three months ending December 31, 2010 were approximately $121 million. Consolidated 2010 annual revenues were approximately $465 million.

## B. The Debtors' Corporate History and Organizational Structure.

20. In April 2007, Morgan Stanley Real Estate, an affiliate of Morgan Stanley, together with certain other investors (collectively, the "CNL Acquirers"), acquired CNL Hotels & Resorts, Inc. n/k/a MSR Hotels & Resorts, Inc. (and together with MS Resort Purchaser LLC, the indirect owners of the Resorts) at the peak of the market for approximately $4 billion. At the time of the acquisition, the new owners largely retained the organizational structure that had been in place, and renamed each of the entities that was a "CNL" entity as a "MSR" entity. Accordingly, CNL Hotels & Resorts, Inc. became MSR Hotels & Resorts, Inc. ("MSR"). As a result of the acquisition of CNL Hotels & Resorts, Inc. in 2007, the CNL Acquirers also indirectly own three luxury resorts that have their own capital structure (collectively, the "3 Pack Entities").[6] The Debtors are all indirect subsidiaries of MSR or MS Resort Purchaser LLC, which, as a result of the January 28, 2011 foreclosure, are indirect subsidiaries of CNL-AB. The 3-Pack Entities also are indirect subsidiaries of CNL-AB but are not part of this bankruptcy filing.

21. The Debtors are structurally organized generally in a fashion typical for the ownership and operation of properties by a real estate investment trust, or "REIT." A diagram of the Debtors' organizational structure is attached hereto as **Exhibit A**. Certain of the Debtors own the land, buildings, and improvements on the Resort properties (collectively, the "Property Owning Entities").[7] Certain other Debtors (collectively, the "Tenant Entities")[8] lease the Resorts

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6 The resorts owned by the 3 Pack Entities are: the JW Marriott Grande Lakes in Orlando, Florida; the Ritz-Carlton Grande Lakes in Orlando, Florida; and the JW Marriott Desert Ridge in Phoenix, Arizona.

7 The Property Owning Entities are the Mortgage Borrowers (as defined below) and are the following seven Debtors: MSR Biltmore Resort, LP; MSR Grand Wailea Resort, LP; MSR Desert Resort, LP; MSR Resort Hotel, LP; MSR Resort Silver Properties, LP; MSR Claremont Resort, LP; and MSR Resort Golf Course LLC.

from, and pay rent to, the Property Owning Entities in accordance with certain lease agreements. During the term of each lease, the Tenant Entities (comprised of two limited liability companies) are obligated to pay (a) the greater of a fixed annual base rent or percentage rent, and (b) certain other additional charges to the Property Owning Entities (comprised of six limited partnerships and one limited liability company). The Tenant Entities engage the Resort Managers to operate the Resorts pursuant to management agreements. A list of the Debtors' Resorts, including the Property Owning Entity and Tenant Entity specific to each Resort, and the Resort Manager, is attached hereto as **Exhibit B**.

22. The Property Owning Entities are each borrowers (collectively, the "Mortgage Borrowers") under the Mortgage Loan, which encumbers, among other things, each of the Resort properties, as further detailed in Section I.C below. The Debtors that directly and indirectly own the Property Owning Entities are the borrowers under four levels of mezzanine loans (each, a "Mezzanine Borrower" and, collectively, the "Mezzanine Borrowers"). Each Mezzanine Borrower pledged, as security for the mezzanine loans, the equity of the entity that each Mezzanine Borrower owns directly to the respective lenders (collectively, the "Mezzanine Lenders," as further defined herein). The Mezzanine Borrowers are organized as limited liability companies or limited partnerships. None of the Mezzanine Borrowers, other than the most senior Mezzanine Borrower, have assets other than the equity of the Mezzanine Borrower owned directly by each such Mezzanine Borrower. The most senior Mezzanine Borrower owns the equity of the Property Owning Entities. There are three Mezzanine Borrowers for each level of mezzanine debt.

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[8] The Tenant Entities are the following two Debtors: MSR Resort Lodging Tenant, LLC and MSR Ancillary Tenant, LLC.

23. Certain other Debtors (together, the "Brokerage Entities")[9] operate as brokerage companies for the sale and leasing of property at or around La Quinta and Arizona Biltmore and enter into rental pool arrangements with various condominium and villa owners pursuant to which the condominium or villa units are booked through La Quinta's or Arizona Biltmore's reservations systems, respectively.

**C. Prepetition Capital Structure.**[10]

24. In accordance with the transactions described below, as of the Petition Date, the Debtors had secured debt in the aggregate amount of approximately $1.525 billion, consisting of (a) a $1 billion mortgage loan (the "Mortgage Loan") and (b) four tranches of mezzanine loans (each, a "Mezzanine Loan" and, collectively, the "Mezzanine Loans") in the aggregate principal amount of $525 million. The instruments evidencing the Debtors' indebtedness are described below.

**1. Mortgage Loan.**

25. The Mortgage Borrowers are borrowers under the Loan and Security Agreement, dated as of January 9, 2006 (as amended, restated, replaced, supplemented, or otherwise modified from time to time, the "Mortgage Loan Agreement"), by and among the Mortgage Borrowers and Bank of America, National Association, as successor by merger to LaSalle Bank National Association, as trustee for the Certificate Holders of Deutsche Mortgage & Asset

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9 The Brokerage Entities are the following two Debtors: MSR Resort Biltmore Real Estate, Inc. and MSR Resort Desert Real Estate, Inc.

10 The descriptions of the Debtors' prepetition debt obligations and the collateral securing those facilities provided herein does not constitute, and should not be construed as, an admission by the Debtors regarding the validity, priority, enforceability, perfection, or amount of any obligation, claim, guarantee, lien, mortgage, pledge, or other security interest or any other fact with respect thereto, and the Debtors reserve all rights to challenge or dispute any of the foregoing on any basis whatsoever except to the extent as set forth in the *Motion of MSR Resort Golf Course LLC, et al., for the Entry of Interim Order Authorizing Cash Collateral Use, Granting Related Relief, and Scheduling a Second Interim Hearing*, filed contemporaneously herewith.

Receiving Corporation, COMM 2006-CNL2 Commercial Mortgage Backed Certificates (as successor in interest to German American Capital Corporation, and together with its successors and assigns, the "Mortgage Lender"). Pursuant to the Mortgage Loan Agreement and the other documents executed in connection therewith, the Mortgage Lender extended financing to the Mortgage Borrowers in the aggregate principal amount of $1 billion, which principal amount remains outstanding as of the Petition Date.

26. The Mortgage Loan is secured by cross-collateralized and cross-defaulted first priority mortgages (the "Prepetition Mortgages") on certain of the Debtors' properties, including the Resorts (collectively, the "Mortgaged Properties"), and the products and proceeds thereof, including the cash generated by the Resort operations. In addition to the Prepetition Mortgages, the Mortgage Loan is secured by pledges of the equity interests of the Brokerage Entities. The Mortgage Loan matures on February 1, 2011.

27. Although the Mortgage Loan is non-recourse to the Mortgage Borrowers, there are certain non-recourse carve-outs under the Mortgage Loan that are triggered if, among other things, an order for relief is entered with respect to the Mortgage Borrower under the Bankruptcy Code through the actions of the Mortgage Borrowers of any of its affiliates at a time when the Mortgage Borrower is able to pay its debts as they become due unless Mortgage Borrower or guarantor receives an opinion of independent counsel that the directors of the Mortgage Borrower have a fiduciary duty to seek such relief. The guarantors of the non-recourse carve-out provisions of the Mortgage Loan are MS Resort Purchaser LLC and MSR (together the "Guarantors"), both non-debtor subsidiaries of CNL-AB. Accordingly, the non-recourse carve-out guarantee is not triggered if a Mortgage Borrower commences a bankruptcy case at a time when it is unable to pay its debts as they come due.

28. Subsequent to the closing date of the Mortgage Loan Agreement, in February 2006, German American Capital Corporation sold its interest in the Mortgage Loan to Deutsche Mortgage & Asset Receiving Corporation, which in turn, deposited the Mortgage Loan into a trust (the "Trust"). Deutsche Bank Securities Inc., Banc of America Securities LLC, J.P. Morgan Securities Inc. and Lehman Brothers Inc. were the initial purchasers of the interests in the Trust, and in turn, certain investors (the "Certificate Holders") bought the interests held by those initial purchasers. The Certificate Holders were then issued certificates (the "Certificates") representing beneficial interests in the Trust. There are various classes of Certificates.

29. The rights of the Certificate Holders are governed by the Trust Agreement and the Servicing Agreement, each dated as of February 1, 2006 (such Trust Agreement and Servicing Agreement, as each may have been amended, modified or supplemented, collectively, the "Trust and Servicing Agreement"), by and among Deutsche Mortgage & Asset Receiving Corporation, as depositor, LNR Partners, Inc., as initial special servicer, Midland Loan Services, Inc. ("Midland"), as master servicer, and Bank of America, National Association, as successor by merger to LaSalle Bank National Association, as trustee. Midland currently acts as the special servicer of the Mortgage Loan.

**2. Mezzanine Loan Agreements.**

30. The Mezzanine Borrowers[11] are borrowers under four separate Mezzanine Loan Agreements, each dated as of January 9, 2006 (collectively, the "Mezzanine Loan

[11] The Mezzanine Borrowers are the following twelve Debtors: MSR Resort Senior Mezz LLC; MSR Resort Senior Mezz, LP; MSR Resort Senior MREP, LLC; MSR Resort Sub Senior Mezz LLC; MSR Resort Sub Senior Mezz, LP; MSR Resort Sub Senior MREP, LLC; MSR Resort Intermediate Mezz LLC; MSR Resort Intermediate Mezz, LP; MSR Resort Intermediate MREP, LLC; MSR Resort Sub Intermediate Mezz LLC; MSR Resort Sub Intermediate Mezz, LP; and MSR Resort Sub Intermediate MREP, LLC.

Agreements").[12] As described above, the Mezzanine Loans are secured by pledges of equity. The Mezzanine Loans are not secured by any of the Resorts or any of the other collateral securing the Mortgage Loan, including the cash and proceeds generated from the Resorts. As of the Petition Date, the outstanding aggregate principal balance under the Mezzanine Loans is approximately $525 million. The Mezzanine Loans mature on February 1, 2011. Although the Mezzanine Loans are non-recourse to the applicable Mezzanine Borrowers, there are certain non-recourse carve-outs under the Mezzanine Loans that are triggered if, among other things, an order for relief is entered with respect to a Mezzanine Borrower under the Bankruptcy Code through the actions of a Mezzanine Borrower of any of its affiliates at a time when the Mezzanine Borrower is able to pay its debts as they become due unless Mezzanine Borrower and guarantor receive an opinion of independent counsel that the general partner of the Mezzanine Borrower has a fiduciary duty to seek such relief. The non-recourse carve-out provisions of the Mezzanine Loans are guaranteed by the Guarantors. Accordingly, the non-recourse carve-out guarantee is not triggered if a Mezzanine Borrower commences a bankruptcy case at a time when it is unable to pay its debts as they come due.

**3. Intercreditor Agreement.**

31. Upon information and belief, the Mortgage Lender and the Mezzanine Lenders entered into an Intercreditor Agreement, dated as of January 9, 2006, that governs certain of their respective rights and interests in the Mortgage Loan and the Mezzanine Loans relating to, among other things, their rights and the exercise of remedies in connection with an Event of Default (as

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[12] Upon information and belief, as of the Petition Date, the Mezzanine Loans are held by Metropolitan Life Insurance Company; 450 Lex Private Limited, a Singapore corporation (on information and belief, the beneficial owner of which is the National Government of Singapore); C Hotel Mezz Private Limited (f/k/a RE NA Investments Private Limited), a Singapore corporation (on information and belief, the beneficial owner of which is the National Government of Singapore); and Five Mile Capital SPE B LLC (collectively, the "Mezzanine Lenders").

defined in the Intercreditor Agreement) and in the event of a bankruptcy filing of their respective borrowers, and the payment subordination of the Mezzanine Loans to the payment in full of the Mortgage Loan, including related enforcement and turn-over provisions.

## II. EVENTS LEADING TO THE CHAPTER 11 CASES

### A. Recent Economic Crisis and Its Impact on the Hospitality Industry and the Debtors.

32. The Debtors face a decline in liquidity that can be attributed both to the impact of the global economic crisis on performance of the hospitality industry, and the Debtors' considerable debt load. Although the Resorts were acquired during the peak of the United States real estate market in 2007, the Debtors have since operated in a difficult financial environment—one plagued with reduced business and consumer spending, higher fuel prices, increased unemployment, and a severe decline in business and personal travel. In addition, several of the Debtors' constituencies have raised questions regarding the efficiency, cost, and expense of operating and managing the Resorts, topics which likely will need to be explored during the chapter 11 cases. The Debtors' overleveraged balance sheet, coupled with the difficulties in the hospitality industry, has made it impossible at this time for the Debtors to refinance their approximately $1.525 billion debt that matures on February 1, 2011.

33. In the hospitality industry, one measure of performance is revenue per available room ("RevPar"), a combination of average daily rate ("ADR") and occupancy rate metrics. Reduced business and consumer spending industry-wide has had a devastating impact on occupancy rates at the Resorts. A primary contributor to this decline is the Debtors' reliance on group business from large corporate clients, which has decreased significantly with the general economic downturn. Moreover, the Debtors have suffered not only from a plunging drop in the demand for resort accommodations, but also from a severe decline in food and beverage sales, golf memberships and greens fees, meeting, conference and banquet hall rentals, and other

similar guest services. As the Debtors' revenue stream relies not only on the income received from guest stays at the Resorts, but also from ancillary purchases by Resort guests and members, such as those made at the spas, restaurants, golf courses, and retail stores in the Resorts, this decline in ancillary spending has also had a considerable adverse impact on the Debtors' revenue. A comparison of the 2009 and 2010 statistics against those of 2007 (the year in which the Resorts were acquired), makes the decline in the Debtors' revenues easily apparent. In 2009, the Debtors' RevPar, ADR and occupancy rate metrics decreased by more than 31 percent, 16 percent, and 18 percent, respectively, as compared to 2007 levels. Operational and management inefficiencies further exacerbated the Debtors' decline in financial performance, driving adjusted net operating income from $153.2 million in 2007 to $56.4 million in 2010, a 63% decline. Even though there has been some improvement since 2009, in 2010, the Debtors' RevPar, ADR and occupancy rate metrics decreased by more than 26 percent, 17 percent, and 10 percent, respectively, as compared to 2007 levels. As the economy continues to recover, the Debtors believe RevPar, ADR, and occupancy rate metrics will recover, which recently has been the case. In addition, because of the scale and amenities of the Resorts, they continue to maintain significant value despite these declines.

34. Operating losses from decreased Resort occupancy and room revenue, liquidity constraints, and a large funded debt burden, which matures on February 1, 2011, have all combined to impair the Debtors' ability to meet their current debt obligations. Accordingly, a comprehensive restructuring of the Debtors' capital structure is necessary for the Resorts to continue to operate and to preserve and maximize value.

**B. Prepetition Restructuring Efforts.**

35. To address the Debtors' liquidity constraints and the impending maturity of the Mortgage Loan and Mezzanine Loans, the Debtors' previous owners made several attempts to

restructure their debt obligations, including reaching out to Midland to request an extension on the Mortgage Loan and making a comprehensive restructuring proposal to the various constituents. These efforts, however, failed to gain sufficient support and the parties remained unable to reach agreement on the terms of a restructuring that could assure the long-term viability of the Resorts.

36. In October 2010, each of the borrowers under certain loans to the Debtors' non-Debtor indirect parent companies made by certain lenders (the "Corporate Mezzanine Lenders")[13] defaulted on its respective tranche of the Corporate Mezzanine Loans. Thereafter, the Corporate Mezzanine Lenders and Morgan Stanley Real Estate Fund V U.S., L.P. ("MSREF"), the prior equity owners of the Debtors, began to negotiate a restructuring of the $600 million in the aggregate Corporate Mezzanine Loans. Because a resolution was not forthcoming, MSREF cured the defaults on the "A" and "B" tranches. Although a forbearance agreement was executed with respect to the "C" tranche of the Corporate Mezzanine Loans, the forbearance period ended mid-November 2010. The default on the "C" tranche of the Corporate Mezzanine Loans was never cured, allowing the "C" tranche Corporate Mezzanine Lender to enforce its rights and remedies, including foreclosure on the equity of the Corporate Mezzanine

[13] The Corporate Mezzanine Lenders, which include CNL-AB, are lenders under three separate mezzanine loan agreements (collectively, the "Corporate Mezzanine Loan Agreements"), each dated April 12, 2007, by and among the Corporate Mezzanine Lenders and certain non-debtor direct and indirect subsidiaries of MS Resort (collectively, the "Corporate Mezzanine Borrowers") in the aggregate principal amount of approximately $600 million. The obligations of the Corporate Mezzanine Borrowers under their respective Corporate Mezzanine Loan Agreements (collectively, the "Corporate Mezzanine Loans") are not secured by any of the Resorts or any of the other collateral securing the Mortgage Loan, including the cash and proceeds generated from the Resorts. The two most senior tranches of the Corporate Mezzanine Loans are known as the "A" and "B" tranches, respectively and are loans made to MS Resorts II, LLC ("Corporate Mezzanine A Borrower") and Corporate Mezzanine B Borrower, respectively. The most junior tranche of the Corporate Mezzanine Loans is known as the "C" tranche, which is a loan made to Corporate Mezzanine C Borrower.

B Borrower. Instead of exercising remedies at that time however, the parties elected to continue to negotiate a consensual resolution.

37. On January 6, 2011, MSREF, the Corporate Mezzanine Lenders, and the Corporate Mezzanine Borrowers finalized the terms of their restructuring agreement and entered into certain agreements with CNL-AB, the joint venture comprised of lenders in the "A" and "B" tranches of Corporate Mezzanine Loans, and the lenders under the "A" and "B" tranches of the Corporate Mezzanine Loans pursuant to which MSREF funded CNL-AB's purchase of the "C" tranche of the Corporate Mezzanine Loans in exchange for releases from certain non-recourse carve-out guarantees with respect to the Corporate Mezzanine Loans. Under the agreements, MSREF obtained certain contingent co-investment rights and the right to transfer such co-investment rights to other investors in MS Resort Senior Holdings LLC ("MS Resort"), the Debtors' former indirect parent company.

38. As discussed above, on January 6, 2011, CNL-AB gave notice of its intent to enforce its right under the "C" tranche of the Corporate Mezzanine Loans against Corporate Mezzanine C Borrower by pursuing two alternative proceedings to foreclose on the equity of the Corporate Mezzanine B Borrower pledged to secure such loans, which foreclosures were set to occur as soon as January 26, 2011.

39. On January 19, 2011, in response to certain threats made by Eastern Property Fund I SPE (MS REF) LLC ("Eastern Property") related to CNL-AB's foreclosure process, CNL-AB sought a declaratory judgment in the Court of Chancery of the State of Delaware (the "Chancery Court") providing that Eastern Property did not have a legal interest in the Corporate Mezzanine B Borrower and, thus, had no legitimate basis with which to interfere with CNL-AB's foreclosure. Eastern Property is the holder of a $200 million preferred equity investment in

MS Resort, which before the foreclosure was an indirect parent company of the Debtors (and, thus, Eastern Property was a very junior stakeholder in the capital structure of the enterprise owning the Company at the time).

40. On January 21, 2011, Eastern Property brought a counterclaim and certain third-party claims against affiliates of Morgan Stanley in the Chancery Court. In addition, on the same day, Eastern Property also filed a motion for a temporary restraining order and preliminary injunction to prevent CNL-AB, MS Resort, MS Resort Managing Member, and MSREF from foreclosing on the equity interests in the Corporate Mezzanine B Borrower. On January 28, 2011, after expedited discovery and a hearing on the matter, the Chancery Court denied Eastern Property's pending request for a temporary restraining order or preliminary injunction. As a result, CNL-AB was able to complete its foreclosure action on January 28, 2011, at which point it became the equity owner of the Corporate Mezzanine B Borrower and the indirect parent of each of the Debtors.

41. Overall, the restructuring agreements reached as a result of the efforts led by CNL-AB, the other Corporate Mezzanine Lenders, and MSREF effectively eliminated $600 million of mezzanine debt[14] and eliminated the obligation to pay $200 million in structurally subordinated preferred equity. This was a significant first step toward achieving a comprehensive restructuring of the Debtors' capital structure.

42. Following the foreclosure, with the intention of capitalizing on the momentum of the recent progress but faced with an impending maturity payment default on February 1, 2011, the Debtors sought to enter into extension agreements with the lenders under the Mortgage Loan

[14] The Corporate Mezzanine Loans were contributed to a joint venture in connection with the restructuring transactions.

and Mezzanine Loans to allow the Debtors and these lenders to continue negotiations outside of chapter 11. Discussion with these lenders continued over the days and nights immediately prior to the Petition Date. Unfortunately, the Debtors were not able to obtain an extension agreement with each of their lenders.

43. Because of the limited time between the foreclosure and the impending maturity date of the Mortgage Loan and Mezzanine Loans, the Debtors have not had sufficient time to adequately canvass the market-place for debtor-in-possession financing, which may be necessary to fund working capital during the pendency of these cases. However, to ensure a smooth transition and show renewed sponsorship in the assets, affiliates of Paulson have committed to provide a $30 million debtor-in-possession loan that would be junior and not seek to prime any of the liens of the Mortgage Loan. The Debtors intend to use the Paulson commitment as a "back-stop" while they continue, through their financial and legal advisors, to seek the most advantageous postpetition financing terms. The proceeds of the debtor-in-possession financing will be used to ensure payment of interest to the Mortgage lender and other administrative claims.

44. In light of this circumstance, on the Petition Date, each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code to provide the Debtors with the opportunity to restructure their debt in an orderly and value-maximizing manner under the auspices of a chapter 11 proceeding. The Debtors believe that these chapter 11 cases will result in a successful restructuring of the Debtors' balance sheet and business operations that will serve to maximize the value of the Debtors' enterprise for the benefit of the Debtors' estates and all stakeholders.

## III. RELIEF SOUGHT IN THE DEBTORS' FIRST DAY PLEADINGS

45. Contemporaneously herewith, the Debtors have filed a number of First Day Pleadings in these chapter 11 cases seeking orders granting various forms of relief intended to stabilize the Debtors' business operations, facilitate the efficient administration of these chapter 11 cases, and expedite a swift and smooth restructuring of the Debtors' balance sheet. I believe that the relief requested in the First Day Pleadings is necessary to allow the Debtors to operate with minimal disruption during the pendency of these chapter 11 cases. A description of the relief requested and the facts supporting each of the First Day Pleadings is set forth below.[15]

### A. Administrative and Procedural Motions.

#### 1. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Directing Joint Administration of Their Chapter 11 Cases (the "Joint Administration Motion").

46. The Debtors request entry of an order directing the joint administration of these cases, for procedural purposes only. The Debtors believe that many, if not most, of the motions, applications, and other pleadings filed in these chapter 11 cases will relate to relief sought jointly by all of the Debtors. For example, virtually all of the relief sought by the Debtors in the First Day Pleadings is sought on behalf of all of the Debtors. Joint administration of the Debtors' chapter 11 cases, for procedural purposes only, under a single docket entry, will also ease the administrative burdens on the Court by allowing the Debtors' cases to be administered as a single joint proceeding instead of 30 independent chapter 11 cases.

47. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable

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[15] Capitalized terms used but not defined in this section have the meanings ascribed them in the respective First Day Pleadings.

the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

**2. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Establishing Certain Notice, Case Management, and Administrative Procedures (the "Case Management Motion").**

48. I expect there will be numerous parties in interest in these chapter 11 cases and anticipate that a significant number of parties will file requests for service of filings. I also expect that numerous motions and applications will be filed in these chapter 11 cases. The costs and burdens that might arise absent adoption of the proposed procedures—such as, for example, those associated with multiple hearings per month, plus the costs associated with copying, mailing, delivering, or otherwise serving paper copies of all such documents—could impose significant economic and administrative burdens on our estates and the Court.

49. Given the size and scope of these chapter 11 cases, the Debtors believe that the Case Management Procedures will facilitate service of Court Papers in a manner that will be less burdensome and costly than serving such pleadings on every potentially interested party, which, in turn, will maximize the efficiency and orderly administration of these chapter 11 cases.

50. I believe that the relief requested in the Case Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Case Management Motion should be approved.

**3. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Authorizing the Debtors to (A) Prepare a List of Creditors in Lieu of Submitting a Formatted Mailing Matrix, (B) File a Consolidated List of the Debtors' 30 Largest Unsecured Creditors, and (C) Mail Initial Notices (the "Creditor Matrix Motion").**

51. The Debtors request entry of an order authorizing the Debtors to prepare a consolidated list of creditors in lieu of submitting any required mailing matrix, (b) authorizing the Debtors to file a consolidated list of the Debtors' 30 largest unsecured creditors, (c) authorizing the Debtors to mail initial notices through their Proposed Claims Agent. The Notice Rules require the Debtors to file a list of creditors and their addresses with their chapter 11 petitions, unless the Debtors file their schedules of assets and liabilities simultaneously with the petitions.

52. The Debtors are also seeking to retain and employ Kurtzman Carson Consultants LLC as their notice and claims processing agent in these chapter 11 cases. The Debtors propose that, as soon as practicable after the Petition Date, the Debtors furnish their list of creditors to the Claims Agent so that the Claims Agent may assist with the consolidation of the Debtors' computer records into a creditor database and (b) complete the mailing of notices to the parties in such database. Because the Claims Agent will receive the consolidated list of creditors and mail the Notice of Commencement to the parties identified thereon, the Debtors believe it will maximize efficiency and accuracy and reduce costs to maintain electronic-format lists of creditors rather than preparing and filing separate matrices.

53. The Debtors also request the Court's approval to have the Claims Agent undertake all mailings directed by the Court, the U.S. Trustee, or as required by the Bankruptcy Code, including the notice of commencement of these chapter 11 cases. Having the Claims Agent mail the Notice of Commencement relieves the Clerk of the Court and the U.S. Trustee of the administrative burden of providing notice to the Debtors' creditors.

54. I believe that the relief requested in the Creditor Matrix Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Creditor Matrix Motion should be approved.

**4. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Extending the Deadline to File Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs (the "Schedules Extension Motion").**

55. The Debtors request an additional thirty days to file their schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively the "Schedules and Statements"), without prejudice to the Debtors' ability to request additional time, should it become necessary. The requested extension would give the Debtors a total of 44 days from the Petition Date to file their Schedules and Statements.

56. Due to the complexity of the Debtors' organizational structure, the scope of their business and the diversity of their resort operations, the Debtors anticipate that they will be unable to complete their Schedules and Statements in the 14 days provided under Bankruptcy Rule 1007(c). To prepare their Schedules and Statements, the Debtors' Asset Manager must engage closely with the Resort Managers to collect and review various records relating to a portfolio of five resorts, each of which has a sizeable number of assets, liabilities and contracts. This task is further complicated by the fact that the Debtors, the Resort Managers and the Asset Manager must continue to operate while responding to the demands of the bankruptcy cases.

57. I believe that the relief requested in the Schedules Extension Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

Accordingly, on behalf of the Debtors, I respectfully submit that the Schedules Extension Motion should be approved.

**B. Operational Motions.**

**5. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of Interim and Final Orders Authorizing the Continued Use of (A) Existing Cash Management System, (B) Existing Bank Accounts, and (C) Existing Business Forms (the "Cash Management Motion").**

58. The Debtors seek (a) authorization for the continued use of: (i) the existing cash management system; (ii) the existing bank accounts; and (iii) the existing business forms, and (b) granting such other relief as is just and proper. The Debtors also request an extension of time to comply with section 345(b) of the Bankruptcy Code. The relief requested will help ensure the Debtors' orderly entry into chapter 11 and avoid many of the possible disruptions and distractions that could divert the Debtors' attention from more pressing matters during the initial days of these chapter 11 cases.

59. I am familiar with the Debtors' cash management system. The cash management system constitutes an ordinary course, essential business practice providing significant benefits to the Debtors including, (a) control corporate funds, (b) ensuring the availability of funds when necessary, and (c) reducing costs and administrative expenses by facilitating the movement of funds and the development of timely and accurate account balance information. Any disruption of the cash management system could have a severe and adverse impact on the Debtors' reorganization efforts and would undoubtedly affect the underlying value of the Debtors' assets. The operation of the Debtors' business requires that the cash management system continue to be implemented during the pendency of these chapter 11 cases. Requiring the Debtors to adopt an entirely new, segmented cash management system would be expensive, create unnecessary administrative burdens, and be extraordinarily disruptive to the operation of the resort business.

The cash management system has seamlessly and efficiently operated to collect the revenue generated at the property levels and disburse such funds to operate the resorts' business. Any such disruption could have a severe and adverse impact upon the Debtors' ability to reorganize, as well as on the overall value of the portfolio of Resorts. Consequently, continuation of the cash management system, except as permitted in the order approving the *Motion of MSR Resort Golf Course LLC, et al., for the Entry of Interim Order Authorizing Cash Collateral Use, Granting Related Relief, and Scheduling a Second Interim Hearing*, is not only essential but in the best interests of all creditors and other parties in interest.

60. In addition, the Debtors seek a waiver of the U.S. Trustee requirement that their bank accounts be closed and that new postpetition bank accounts be opened, to avoid delays in payment to administrative creditors. The closing of the bank accounts, even if for a brief period of time, would cause great harm to Resort operations and would jeopardize the ability of the Debtors to collect and disburse funds in the ordinary course of their businesses. To ensure as smooth a transition into chapter 11 as possible, and to aid in the Debtors' efforts to complete these cases successfully and without delay, it is important that the Debtors be permitted to continue to maintain their existing bank accounts.

61. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

**6. Motion of MSR Resort Golf Course LLC, *et al.,* for the Entry of Interim and Final Orders Authorizing the Payment of Prepetition Taxes and Fees (the "Taxes and Fees Motion").**

62. The Debtors seek the authority, but not direction, to pay, or reimburse non-Debtors on account of, Taxes and Fees they incurred in the ordinary course of business, without regard to whether such obligations accrued or arose before or after the Petition Date; *provided*, *however* that in the first 21 days of these chapter 11 cases, the Debtors only will pay Taxes and Fees and reimburse non-Debtor affiliates, the Management Companies, or affiliates thereof to the extent they pay Taxes and Fees that become due and payable during this time and will cause immediate and irreparable harm to their estates. The Debtors also request that the Court authorize and direct the Banks, when the Debtors in their sole discretion so request, to receive, process, honor, and pay, to the extent of funds on deposit, any checks drawn and electronic funds transfers requested on the Debtors' Bank Accounts to pay the Taxes and Fees, and the costs and expenses incident thereto, whether those transfers were presented prior to or after the Petition Date.

63. Payment of the Taxes and Fees is critical to the Debtors' continued and uninterrupted operations. The Debtors' failure to pay prepetition Taxes and Fees may cause the Authorities to take precipitous action, including, but not limited to, conducting audits, filing liens, preventing the Debtors from doing business in certain jurisdictions, seeking to lift the automatic stay, or pursuing payment of the Taxes and Fees from the Debtors' officers and directors, all of which would greatly disrupt the Debtors' operations and ability to focus on their reorganization efforts.

64. I believe that the relief requested in the Taxes and Fees Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes and Fees Motion should be approved.

**7. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Authorizing the Debtors to Honor Certain Prepetition Obligations to Customers and Otherwise Continue Certain Customer Programs and Practices in the Ordinary Course of Business (the "Customer Programs Motion").**

65. The Debtors seek authority to honor certain prepetition obligations and otherwise continue certain customer programs and practices in the ordinary course of business. I am familiar with the Customer Programs. The Customer Programs are integral to the Debtors' efforts to stabilize their business, restore profitability, and ultimately deliver the most value to all stakeholders in these chapter 11 cases. Operating in a competitive service oriented industry, the Debtors rely on their customers' satisfaction, which leads to repeat business, and enhances their reputation. The filing of these chapter 11 cases may negatively affect customers' attitudes and behavior toward the Debtors' business and may erode goodwill and ongoing business relationships if customers perceive that the Debtors are unable or unwilling to fulfill the prepetition promises made through their Customer Programs at the Resorts. Because satisfied customers are the most valuable assets of any hospitality business, the Debtors believe, and I agree, that they must promptly assure customers of their continued ability to satisfy obligations under the Customer Programs following the commencement of these chapter 11 cases.

66. In order to ensure continuing customer loyalty and a successful reorganization, the Debtors submit that it is essential that they be permitted to honor, without interruption, obligations related to their Customer Programs in accordance with their prepetition practices and customers' expectations. Any interruption or discontinuation of the Customer Programs risks the permanent loss of the respective Resort's customers, which would cause a dramatic reduction in revenue and immediate and irreparable harm to the Debtors' business. The aggregate cost to the

Debtors to continue the Customer Programs and perform and honor prepetition obligations with respect thereto is insignificant when compared to the enormous detrimental impact their business would suffer if these programs are suspended or abandoned.

67. I believe that the relief requested in the Customer Programs Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Customer Programs Motion should be approved.

### 8. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Determining Adequate Assurance of Payment for Future Utility Services (the "Utility Motion").

68. The Debtors seek an order (a) determining adequate assurance of payment for future utility services, (b) prohibiting the alteration, refusal, or discontinuation of utility services, or the discrimination against the Debtors on account of the Debtors' bankruptcy filing, prepetition amounts outstanding, or any perceived inadequacy of the Debtors' proposed adequate assurance. The Debtors seek approval of certain procedures, as more fully explained in the Utility Motion, which will require that the Debtors provide a deposit in an amount equal to two weeks of Utility Service, calculated based on the historical average over the past 12 months, to any requesting Utility Provider. I believe that the two week deposit, together with the Debtors' demonstrated ability to pay for future Utility Services in the ordinary course of business, provides more than adequate assurance of payment.

69. Uninterrupted Utility Services are essential to the ongoing operations of the Resorts and the overall success of these chapter 11 cases. The Debtors' Resorts are dependent on electricity and gas for lighting, heating, and air conditioning. In addition, maintenance of telephone and other telecommunication and internet services is imperative because the Debtors'

Resort Managers use these services to conduct all aspects of the Resorts' day-to-day operations, including guest room telephone access, room and entertainment reservations, sales, vendor communications, and other administrative functions. Continued water service is necessary to maintain, among other things, sanitary lavatory facilities for Resort guests, customers and employees. Should any Utility Provider refuse or discontinue service, even for a brief period, the operations of the Resorts could be severely disrupted, and such disruption would jeopardize the Debtors' ability to manage their reorganization efforts. Accordingly, it is essential that the Utility Services continue uninterrupted during these chapter 11 cases.

70. I believe that the relief requested in the Utility Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Utility Motion should be approved.

71. Motion of MSR Resort Golf Course LLC, et al., for the Entry of an Order (A) Authorizing the Payment of Prepetition Amounts Under the Management Agreements and (B) Authorizing the Debtors to Honor Postpetition Obligations Under the Management Agreements (the "Management Agreement Motion").The Debtors seek the authority, but not the direction, to pay the prepetition Management Obligations in the ordinary course of business and to honor the postpetition obligations under the Management Agreements.

72. Certain of the Debtors own the land, buildings, and improvements on the Resort properties. Certain other Debtors lease the Resorts from, and pay rent to, the Property-Owning Entities under certain lease agreements. The Resort Managers operate the Resorts pursuant to management agreements with the Tenant Entities.

73. Under the Resort Management Agreements, the Resort Managers oversee the day-to-day operations of the Resorts. Among other things, the Resort Managers establish room rates, credit policies, entertainment policies, and food and beverage policies; determine and implement all labor and personnel policies (including union negotiations in some cases); negotiate and enter into service contracts and licenses for Resort operations; and establishing all sales, marketing, advertising, public relations and promotional policies. In exchange for their services and pursuant to the Resort Management Agreements, the Resort Managers receive a monthly management fee and reimbursements for out-of-pocket expenses incurred in connection with services provided to the Debtors pursuant to the Resort Management Agreements.

74. In addition, the Debtors' assets are managed pursuant to an asset management agreement with the Asset Manager, under which the Asset Manager oversees the management and operation of the Resorts for the benefit of the Debtors. Among other things, the Asset Manager is responsible for completing and implementing operating budgets and business plans, supervising the Resort Managers, ensuring the Debtors' compliance with the Resort Management Agreements and applicable law, advising the Debtors regarding pending claims, engaging professionals, ensuring the maintenance of the Resorts, proposing capital improvements to the Resorts, collecting dues from the Resort Managers, entering into contracts as necessary, negotiating Resort Management Agreements, and performing physical inspections of the Resorts.

75. In exchange for services provided pursuant to the Asset Management Agreement, the Asset Manager receives a monthly management fee, capital expenditure oversight fees, and reimbursements for out-of-pocket expenses incurred in connection with services provided to the Debtors pursuant to the Asset Management Agreement. These fees are paid by a non-Debtor affiliate from proceeds of the Debtors' operations.

76. Payment of the Management Obligations is necessary to ensure a smooth entry into chapter 11 and to preserve the value of the Debtors' assets on a going-forward basis. Failure to pay the Management Obligations may risk alienating the employees of the Management Companies who service the Resorts at a time when seamless operations are most important to the Debtors' estates. Any disturbance in the services of the Management Companies likely would have an immediate and direct effect on the Debtors' operations and could irreparably tarnish the reputation of the Resorts. Preservation of the relationship with the Management Companies, at the onset of these chapter 11 cases, will maximize the value of the Debtors' estates for the benefit of their creditors and all parties in interest.

77. I believe that the relief requested in the Management Agreement Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Management Agreement Motion should be approved.

## C. Professional-Retention-Related Pleadings.

### 9. Motion of MSR Resort Golf Course LLC, *et al.*, for the Entry of an Order Authorizing the Employment and Retention of Kurtzman Carson Consultants LLC as Notice and Claims Agent (the "KCC Retention Application").

78. Pursuant to the KCC Retention Application, the Debtors are seeking authority to employ and retain Kurtzman Carson Consultants as their notice and claims agent. The Debtors have evaluated several potential candidates to serve as their claims and noticing agent ("Claims Agent"). Following that review, and in consideration of the number of anticipated claimants and parties in interest, the nature of the Debtors' business, and the scope of tasks for which the Debtors will require the assistance of a Claims Agent, the Debtors submit that the appointment of

Kurtzman Carson Consultants LLC as Claims Agent is both necessary and in the best interests of the Debtors' estates.

79. Based on KCC's considerable experience in providing similar services in large chapter 11 cases, the Debtors believe that KCC is eminently qualified to serve as Claims Agent in these chapter 11 cases. A detailed description of the services that KCC has agreed to render and the compensation and other terms of the engagement are provided in the motion. I have reviewed the terms of the engagement and believe that the Debtors' estates, creditors, parties in interest, and this Court will benefit as a result of KCC's experience and cost-effective methods.

80. I believe that the relief requested in the KCC Retention Application is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the KCC Retention Application should be approved.

## IV. INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 1007-2

81. Local Bankruptcy Rule 1007-2 requires certain information related to the Debtors, which I have provided in the exhibits attached hereto as **Exhibit C** through **Exhibit N**. Specifically, these exhibits contain the following information with respect to the Debtors (on a consolidated basis), unless otherwise noted:[16]

- Pursuant to Local Bankruptcy Rule 1007-2(a)(3), **Exhibit C** hereto provides the names and addresses of the members of, and attorneys for, any committee organized prior to the

[16] The information contained in the Exhibits attached to this Declaration shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

order for relief in these chapter 11 cases, and a brief description of the circumstances surrounding the formation of the committee and the date of the formation.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(4), **Exhibit D** hereto provides the following information with respect to each of the holders of the Debtors' thirty (30) largest unsecured claims, excluding claims of insiders: the creditor's name; the address (including the number, street, apartment, or suite number, and zip code, if not included in the post office address); the telephone number; the name(s) of person(s) familiar with the Debtors' account; the nature and approximate amount of the claim; and an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(5), **Exhibit E** hereto provides the following information with respect to each of the holders of the five largest secured claims against the Debtors: the creditor's name; address (including the number, street, apartment, or suite number, and zip code, if not included in the post office address); the amount of the claim; a brief description of the claim; an estimate of the value of the collateral securing the claim; and an indication of whether the claim or lien is disputed at this time.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(6), **Exhibit F** hereto provides a summary of the Debtors' assets and liabilities.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(8), **Exhibit G** hereto provides the following information with respect to any property in possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditors, or agent for such entity: the name; address; and telephone number of such entity and the court in which any proceeding relating thereto is pending.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(9), **Exhibit H** hereto provides a list of the property comprising the premises owned, leased or held under other arrangement from which the Debtors operate their business. The Debtors maintain no offices but rather conduct business through third parties and affiliates out of the Company's equity owners, located at c/o CNL-AB LLC, 1251 Avenue of the Americas, New York, New York 10036.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(10), **Exhibit I** hereto sets forth the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(7), **Exhibit J** attached hereto provides information on the Debtors' outstanding publicly held securities.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(11), **Exhibit K** hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment or seizure of their property may be imminent.

- Pursuant to Local Bankruptcy Rule 1007-2(a)(12), **Exhibit L** hereto sets forth a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

- Pursuant to Local Bankruptcy Rule 1007-2(b)(1)-(2)(A), **Exhibit M** hereto provides the estimated amount of payroll to the Debtors' employees (not including officers, directors, and equityholders) and the estimated amounts to be paid to officers, equityholders, directors, and financial and business consultants retained by the Debtors, for the 30-day period following the Petition Date.

- Pursuant to Local Bankruptcy Rule 1007-2(b)(3), **Exhibit N** hereto provides a schedule, for the 30-day period following the Petition Date, of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees, for the 30-day period following the filing of these chapter 11 cases, and any other information relevant to an understanding of the foregoing.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: February 1, 2011

Respectfully submitted,

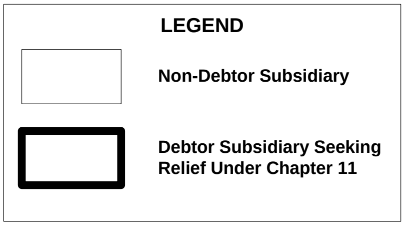
*/s/ Daniel Kamensky*

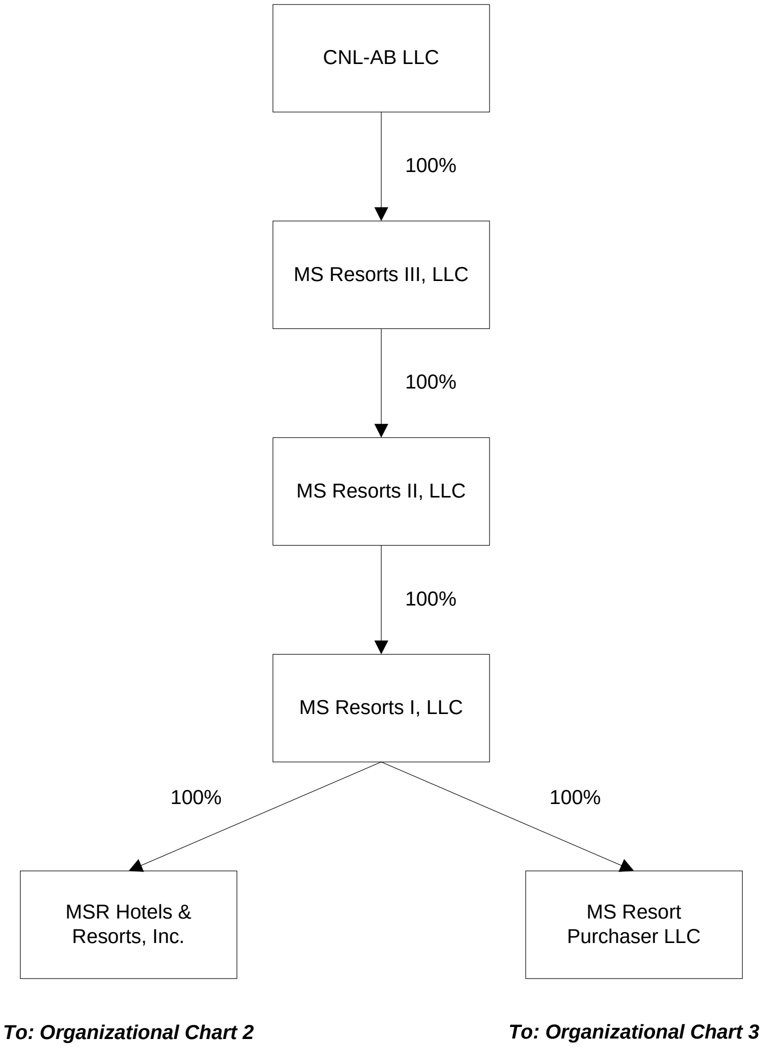
Daniel Kamensky
Secretary and Treasurer,
MSR Resort Golf Course LLC, *et al*.

# EXHIBIT A

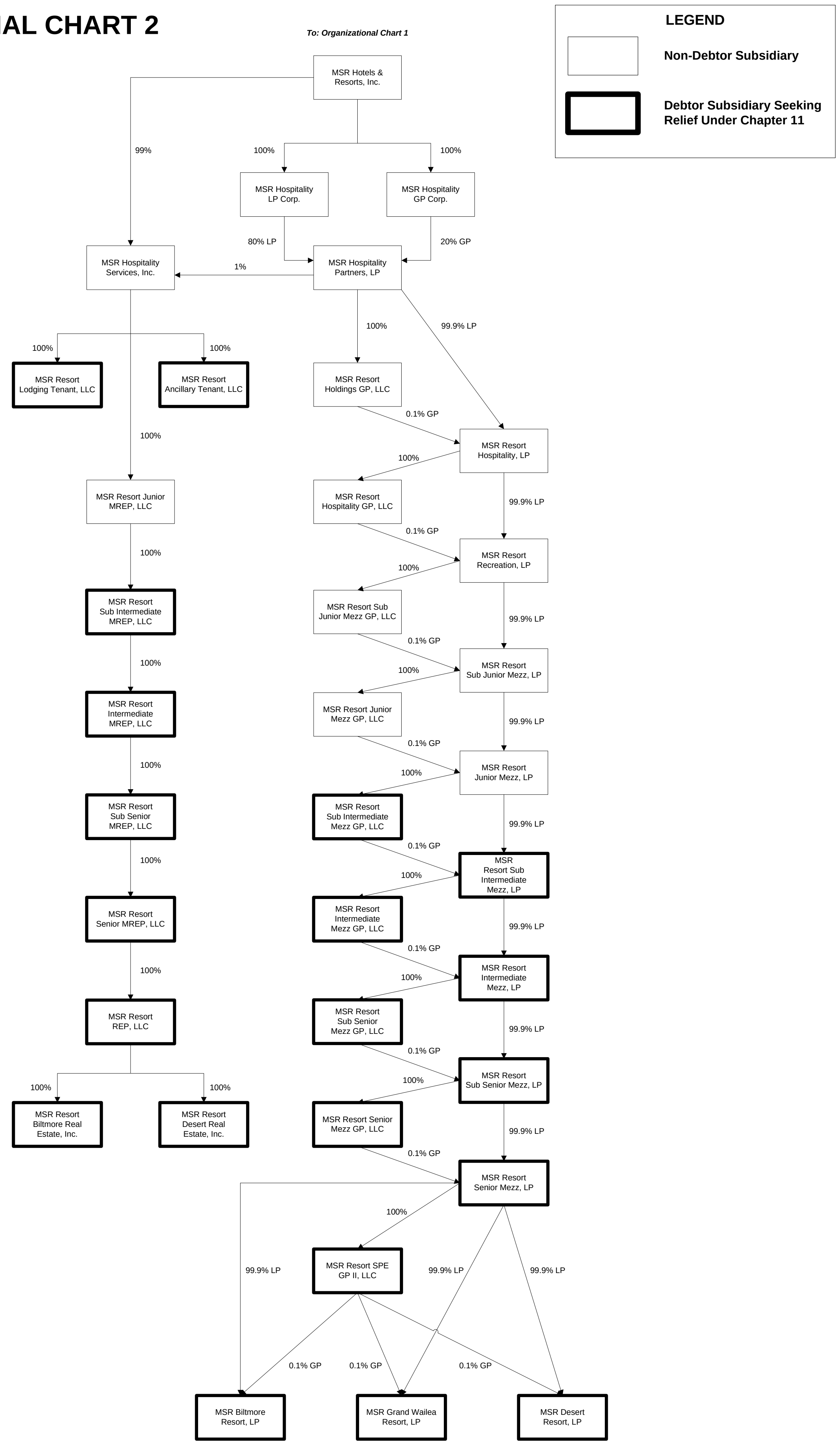
## Debtors' Corporate Structure Chart

# ORGANIZATIONAL CHART 1

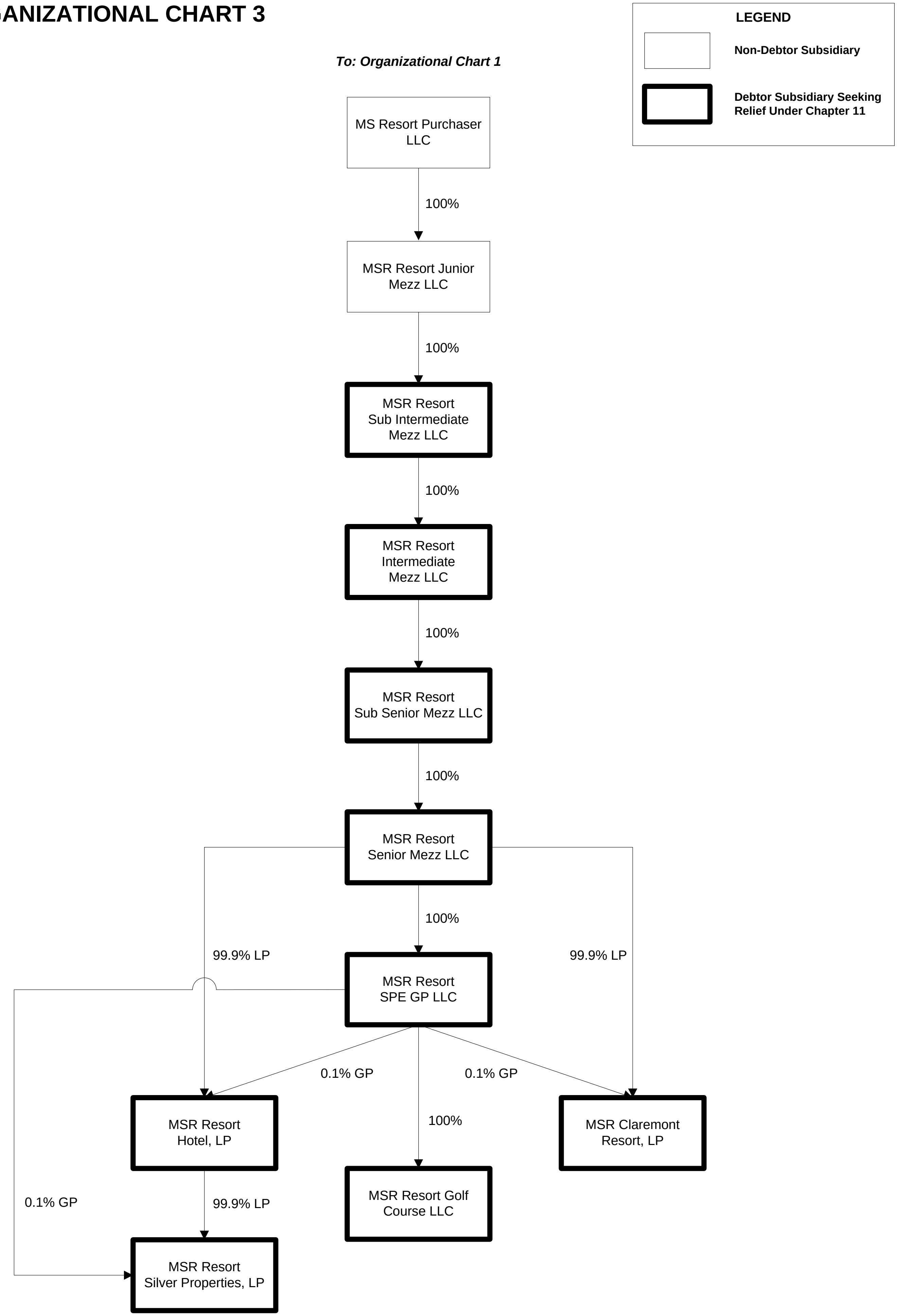

LEGEND
Non-Debtor Subsidiary
Debtor Subsidiary Seeking Relief Under Chapter 11


CNL-AB LLC
100%
MS Resorts III, LLC
100%
MS Resorts II, LLC
100%
MS Resorts I, LLC
100%
100%
MSR Hotels & Resorts, Inc.
MS Resort Purchaser LLC
To: Organizational Chart 2
To: Organizational Chart 3

# ORGANIZATIONAL CHART 2


To: Organizational Chart 1
LEGEND
Non-Debtor Subsidiary
Debtor Subsidiary Seeking Relief Under Chapter 11
MSR Hotels & Resorts, Inc.
99%
100%
100%
MSR Hospitality LP Corp.
MSR Hospitality GP Corp.
80% LP
20% GP
MSR Hospitality Services, Inc.
1%
MSR Hospitality Partners, LP
100%
99.9% LP
100%
100%
MSR Resort Lodging Tenant, LLC
MSR Resort Ancillary Tenant, LLC
MSR Resort Holdings GP, LLC
0.1% GP
100%
MSR Resort Hospitality, LP
100%
MSR Resort Junior MREP, LLC
MSR Resort Hospitality GP, LLC
99.9% LP
0.1% GP
100%
MSR Resort Recreation, LP
100%
MSR Resort Sub Intermediate MREP, LLC
MSR Resort Sub Junior Mezz GP, LLC
99.9% LP
0.1% GP
100%
MSR Resort Sub Junior Mezz, LP
100%
MSR Resort Intermediate MREP, LLC
MSR Resort Junior Mezz GP, LLC
99.9% LP
0.1% GP
100%
MSR Resort Junior Mezz, LP
100%
MSR Resort Sub Senior MREP, LLC
MSR Resort Sub Intermediate Mezz GP, LLC
99.9% LP
0.1% GP
100%
100%
MSR Resort Sub Intermediate Mezz, LP
MSR Resort Senior MREP, LLC
MSR Resort Intermediate Mezz GP, LLC
99.9% LP
0.1% GP
100%
100%
MSR Resort Intermediate Mezz, LP
MSR Resort REP, LLC
MSR Resort Sub Senior Mezz GP, LLC
99.9% LP
0.1% GP
100%
100%
100%
MSR Resort Sub Senior Mezz, LP
MSR Resort Biltmore Real Estate, Inc.
MSR Resort Desert Real Estate, Inc.
MSR Resort Senior Mezz GP, LLC
99.9% LP
0.1% GP
MSR Resort Senior Mezz, LP
100%
MSR Resort SPE GP II, LLC
99.9% LP
99.9% LP
99.9% LP
0.1% GP
0.1% GP
0.1% GP
MSR Biltmore Resort, LP
MSR Grand Wailea Resort, LP
MSR Desert Resort, LP

# ORGANIZATIONAL CHART 3


LEGEND
Non-Debtor Subsidiary
Debtor Subsidiary Seeking Relief Under Chapter 11
To: Organizational Chart 1
MS Resort Purchaser LLC
100%
MSR Resort Junior Mezz LLC
100%
MSR Resort Sub Intermediate Mezz LLC
100%
MSR Resort Intermediate Mezz LLC
100%
MSR Resort Sub Senior Mezz LLC
100%
MSR Resort Senior Mezz LLC
99.9% LP
100%
99.9% LP
MSR Resort SPE GP LLC
0.1% GP
0.1% GP
100%
MSR Resort Hotel, LP
MSR Claremont Resort, LP
MSR Resort Golf Course LLC
0.1% GP
99.9% LP
MSR Resort Silver Properties, LP

# EXHIBIT B

## List of Debtors' Resorts

The following is a list of the Debtors' Resorts, including the Property Owning Entity and Tenant Entity specific to each Resort, and the Resort Manager.

| Name of Resort | Property Owning Entity | Tenant Entity | Resort Manager |
|---|---|---|---|
| Arizona Biltmore | MSR Biltmore Resort, LP | MSR Resort Lodging Tenant Corp. | 90210 Management Company, LLC (a/k/a Hilton Worldwide Association) |
| Claremont | MSR Claremont Resort, LP | MSR Resort Lodging Tenant Corp. | Pyramid Acquisition II Management L.P. |
| Doral | MSR Resort Hotel, LP and MSR Resort Silver Properties, LP | MSR Resort Lodging Tenant Corp. | Marriott International, Inc. |
| Grand Wailea | MSR Grand Wailea Resort, LP | MSR Resort Lodging Tenant Corp | 90210 Management Company, LLC (a/k/a Hilton Worldwide Association) |
| La Quinta | MSR Desert Resort, LP | MSR Resort Lodging Tenant Corp. and MSR Resort Ancillary Tenant Corp. | 90210 Management Company, LLC (a/k/a Hilton Worldwide Association) |

# EXHIBIT C

## Informal Committees Organized Prior to the Order for Relief

There were no informal committees organized prior to the order for relief in the Debtors' chapter 11 cases.

# EXHIBIT D

## Consolidated List of the Holders of the Debtors' 30 Largest Unsecured Claims

Pursuant to Local Bankruptcy Rule 1007-2(a)(4), the following is a consolidated list of the Debtors' creditors holding the thirty (30) largest unsecured claims (the "Consolidated Creditor List") based on the Debtors' unaudited books and records as of the petition date. The Consolidated Creditor List has been prepared in accordance with Bankruptcy Rule 1007(d) and does not include (i) persons who come within the definition of "insider" set forth in section 101(31) of the Bankruptcy Code or (ii) secured creditors, unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the thirty 30 largest unsecured claims.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

| | **NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM** | **NATURE OF CLAIM**<br>***(bond debt, trade debt, bank loan, government contracts, etc.)*** | **INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF** | **AMOUNT OF CLAIM**<br>***(if secured, also state value of security)*** |
|---|---|---|---|---|
| 1. | Hilton Hotels Corporation<br>c/o Hilton Chicago<br>720 South Michigan Avenue<br>Chicago, Illinois<br>Tel: 312-294-6801<br>Fax: 312-431-6940<br>Attn: Tim Benolken | Contract | Unliquidated | $13,401,290.82 |
| 2. | Miller Buckfire<br>601 Lexington Avenue<br>22nd Floor<br>New York, New York 10022<br>Tel: 212-895-1868<br>Fax: 212-895-1862<br>Attn: Steven W. Bremer | Contract | Contingent<br>Unliquidated<br>Disputed | $8,063,447.30 |
| 3. | Marriott International<br>Manager of Global Finance Services<br>10400 Fernwood Road<br>Bethesda, Maryland 20817<br>Tel: 301-380-2353<br>Fax: 301-380-3967<br>Attn: Nathan Jones | Contract | Unliquidated | $7,541,067.00 |

| | NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM | NATURE OF CLAIM<br><br>*(bond debt, trade debt, bank loan, government contracts, etc.)* | INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF | AMOUNT OF CLAIM<br><br>*(if secured, also state value of security)* |
|---|---|---|---|---|
| 4. | Specialty Risk Services, LLC<br>55 Farmington Avenue<br>Suite 501<br>Hartford, Connecticut 06105<br>Tel: 860-547-6455<br>Fax: 866-879-4777<br>Attn: Jason A. Ferraro | Insurance | Unliquidated | $4,388,241.66 |
| 5. | Crowne Point Partners, LLC<br>17700 SW Upper Boones Ferry Road<br>Suite 100<br>Portland, Oregon 97224<br>Tel: 503-670-9300<br>Fax: 503-670-9400<br>Attn: Mark E. Rockwell | Membership Deposit | Unliquidated | $1,750,000.00 |
| 6. | Amway<br>7575 Fulton Street East<br>Mailcode 77-3 D<br>Ada, Michigan 49355-0001<br>Tel: 616-787-7684<br>Fax: 616-787-5537<br>Attn: Pam Huver | Advance Deposit | Unliquidated | $1,456,831.84 |
| 7. | Kerry William Rose & Elizabeth Erene Evers-Rose<br>2626 East Arizona Biltmore Circle, Unit #7<br>Phoenix, Arizona 85016<br>Tel: 602-321-9242<br>Fax: 602-224-0805<br>Attn: Kerry William Rose & Elizabeth Erene Evers-Rose | Contract | Contingent<br>Unliquidated<br>Disputed | $1,400,000.00 |
| 8. | Pyramid Acquisition II Management L.P.<br>One Post Office Square<br>Suite 3100<br>Boston, Massachusetts 02109<br>Tel: 617-412-2815<br>Fax: 617-412-2855<br>Attn: Christopher Devine | Contract | Unliquidated | $1,336,500.00 |

| | NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM | NATURE OF CLAIM<br><br>*(bond debt, trade debt, bank loan, government contracts, etc.)* | INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF | AMOUNT OF CLAIM<br><br>*(if secured, also state value of security)* |
|---|---|---|---|---|
| 9. | MS Resort Holdings LLC<br>1585 Broadway<br>37th Floor<br>New York, New York<br>Tel: 212-761-4437<br>Fax: 212-761-0086<br>Attn: Vineet Sekhsaria | Trade | Unliquidated | $1,312,824.48 |
| 10. | Wyndham Worldwide<br>3700 Fox Hill Road<br>North Little Rock, Arkansas 72116<br>Tel: 501-791-4200<br>Fax: 501-491-4202<br>Attn: Sharon Ferguson | Advance Deposit | Unliquidated | $1,127,612.49 |
| 11. | Arizona Biltmore Hotel Villas Condominiums Association<br>P.O. Box 39242<br>Phoenix, Arizona 85069-9242<br>Tel: 602-263-7772<br>Fax: 602-246-6674<br>Attn: Morrison Group, Inc. | Contract | Contingent<br>Unliquidated<br>Disputed | $1,012,500.00 |
| 12. | JPMorgan Chase<br>P.O. Box 29063<br>Phoenix, Arizona 85038-9063<br>Tel: 212-270-6000<br>Fax: 212-270-1648<br>Attn: Legal Department | Trade | Unliquidated | $980,178.00 |
| 13. | Belfor USA Group, Inc.<br>23610 N. 20th Drive<br>Suite 2<br>Phoenix, Arizona 85085<br>Tel: 623-434-4333<br>Fax: 623-434-1515<br>Attn: Warren Lindell<br><br>and<br><br>Belfor USA Group, Inc.<br>2365 Industrial Parkway West<br>Hayward, California<br>Tel: 510-887-9106<br>Fax: 510-887-9110<br>Attn: Tony Fowler | Contract | Unliquidated | $915,672.45 |

| | NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM | NATURE OF CLAIM<br>*(bond debt, trade debt, bank loan, government contracts, etc.)* | INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF | AMOUNT OF CLAIM<br>*(if secured, also state value of security)* |
|---|---|---|---|---|
| 14. | RD Olson Construction, LP<br>2955 Main Street<br>3rd Floor<br>Irvine, California 92614<br>Tel: 949-474-2001<br>Fax: 949-474-1534<br>Attn: William Wilhem | Contract | Unliquidated | $911,004.79 |
| 15. | In-N-Out Burger<br>4199 Campus Drive<br>Suite 900<br>Irvine, California 92612<br>Tel: 949-509-6347<br>Fax: 949-509-6394<br>Attn: Mary Ann Kelley | Advance Deposit | Unliquidated | $836,000.69 |
| 16. | Zurich North America<br>8734 Paysphere Circle<br>Chicago, Illinois 60674<br>Tel: 847-413-5598<br>Fax: 877-962-2567<br>Attn: Dawn Schumacher | Insurance | Unliquidated | $692,079.00 |
| 17. | Borrego Resort Holdings<br>c/o Bertoni & Todd<br>430 Pacific Building<br>520 Southwest Yamhill Street<br>Portland, Oregon 97204<br>Tel: 503-243-2035<br>Fax: 503-243-6307<br>Attn: Richard W. Todd, Esq. | Membership Deposit | Unliquidated | $625,000.00 |
| 18. | Swank Audio Visuals, LLC<br>4037 Paysphere Circle<br>Chicago, Illinois 60674<br>Tel: 636-680-2815<br>Fax: 636-680-2865<br>Attn: Sandy Spencer | Trade | Unliquidated | $613,572.75 |
| 19. | Wailea MF-9 Associates<br>411 Huku Li'i Place<br>Suite 204<br>Kihei, Hawaii 96753<br>Tel: 808-891-8362<br>Fax: 808-891-8364<br>Attn: Martin Quill | Contract | Unliquidated | $567,248.67 |

| | NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM | NATURE OF CLAIM<br>*(bond debt, trade debt, bank loan, government contracts, etc.)* | INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF | AMOUNT OF CLAIM<br>*(if secured, also state value of security)* |
|---|---|---|---|---|
| 20. | Desert Elite<br>78-401 – Highway 111<br>Suite G<br>La Quinta, California 92253-2066<br>Tel: 760-777-9920<br>Fax: 760-777-9918<br>Attn: Rancho Santana Account | Membership Deposit | Unliquidated | $450,000.00 |
| 21. | Department Of Water Supply<br>200 South High Street<br>Wailuku, Hawaii 96793-2155<br>Tel: 808-270-7730<br>Fax: 808-270-7951<br>Attn: Dave Taylor | Trade | Unliquidated | $448,357.40 |
| 22. | Gibson Dunn & Crutcher<br>333 South Grand Avenue<br>Los Angeles, California 90071<br>Tel: 213-229-7465<br>Fax: 213-229-7520<br>Attn: Legal Department | Advance Deposit | Unliquidated | $379,303.80 |
| 23. | T&G Constructors Inc<br>8623 Commodity Circle<br>Orlando, Florida 32819<br>Tel: 407-352-4443<br>Fax: 407-357-6678<br>Attn: David Grabosky | Contract | Unliquidated | $344,037.44 |
| 24. | Consolidated Supply<br>c/o The GRA Group<br>1399 Lear Industrial Parkway<br>Avon, Ohio 44011<br>Tel: 440-328-8587<br>Fax: 440-937-5187<br>Attn: John Rich | Advance Deposit | Unliquidated | $320,005.45 |
| 25. | Hospitality Staffing Solutions LLC<br>100 Glenridge Point Parkway<br>Suite 400<br>Atlanta, Georgia 30342<br>Tel: 770-612-0054<br>Fax: 770-612-2675<br>Attn: Legal Department | Trade | Unliquidated | $312,866.35 |

| | NAME OF CREDITOR, COMPLETE MAILING ADDRESS, AND EMPLOYEE, AGENT, OR DEPARTMENT OF CREDITOR FAMILIAR WITH CLAIM | NATURE OF CLAIM<br><br>*(bond debt, trade debt, bank loan, government contracts, etc.)* | INDICATE IF CLAIM IS CONTINGENT, UNLIQUIDATED, DISPUTED, OR SUBJECT TO SETOFF | AMOUNT OF CLAIM<br><br>*(if secured, also state value of security)* |
|---|---|---|---|---|
| 26. | Liberty Mutual<br>175 Berkeley Street<br>Boston, Massachusetts 02116<br>Tel: 617-357-9500<br>Fax: 617-350-7648<br>Attn: Kelly Bishop | Advance Deposit | Unliquidated | $300,000.00 |
| 27. | Cub Cadet<br>c/o Navis, Inc.<br>31029 Center Ridge Road<br>Cleveland, Ohio 44145<br>Tel: 440-899-0299<br>Fax: 440-899-0399<br>Attn: Linda Pratt | Advance Deposit | Unliquidated | $297,099.29 |
| 28. | Teodoro Obiang<br>3620 Sweetwater Mesa Road<br>Malibu, California 90264<br>Tel: 310-919-4279<br>Fax: 310-317-9752<br>Attn: Teodoro Obiang | Advance Deposit | Unliquidated | $286,945.65 |
| 29. | Craftsman Homes, Inc.<br>1157 N Red Gum Street<br>Anaheim, California 92806<br>Tel: 714-630-7685<br>Fax: 714-630-7683<br>Attn: Scott N. Shaddix | Membership Deposit | Unliquidated | $277,500.00 |
| 30. | Pyramid Project Management<br>One Post Office Square<br>Suite 3100<br>Boston, Massachusetts 02109<br>Tel: 617-412-2815<br>Fax: 617-412-2855<br>Attn: Christopher Devine | Contract | Unliquidated | $262,229.32 |

# EXHIBIT E

## Consolidated List of the Holders of the Debtors' Five Largest Secured Claims

Pursuant to Local Bankruptcy Rule 1007-2(a)(5), the following is a list of creditors holding the five largest secured claims against the Debtors, on a consolidated basis, as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

| | Creditor Name and Address | Amount of Claim | Collateral Description and Value |
|---|---|---|---|
| 1. | Midland Loan Services, Inc.<br>10851 Mastin, 6th Floor<br>Overland Park, KS 66210<br>Attn: Kevin S. Semon | $1 billion | Real property, value undetermined |
| 2. | C Hotel Mezz Private Limited (f/k/a RE NA Investments Private Limited)<br>156 West 56th Street<br>Suite 1900<br>New York, NY 10019<br>Attn: Anoop Varghese | $250 million | Equity interests in direct Debtor-subsidiary, value undetermined |
| 3. | Metropolitan Life Insurance Company<br>Los Angeles Regional Office<br>333 S. Hope Street, Suite 3650<br>Los Angeles, CA 90071<br>Attn: Mark Fritz | $115 million | Equity interests in direct Debtor-subsidiary, value undetermined |
| 4. | 450 Lex Private Limited<br>156 West 56th Street<br>Suite 1900<br>New York, NY 10019<br>Attn: Anoop Varghese | $110 million | Equity interests in direct Debtor-subsidiary, value undetermined |
| 5. | Five Mile Capital SPE B LLC<br>Three Stamford Plaza<br>301 Tresser Blvd., 9th Floor<br>Stamford, CT 06901<br>Attn: Jim Glasgow | $50 million | Equity interests in direct Debtor-subsidiary, value undetermined |

# EXHIBIT F

## Summary of the Debtors' Assets and Liabilities

Pursuant to Local Bankruptcy Rule 1007-2(a)(6), the following are estimates of the Debtors' total assets and liabilities on a consolidated basis. The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated with its affiliated Debtors and non-Debtors as of the Petition Date.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt, and to challenge the priority, nature, amount, or status of any such claim or debt.

| Assets and Liabilities | Amount |
|---|---|
| Total Assets (Book Value) | $2.2 billion |
| Total Liabilities | $1.9 billion |

## EXHIBIT G

### Summary of Debtors' Property Held by Third Parties

Pursuant to Local Rule 1007-2(a)(8), the following lists the Debtors' property, as of the Petition Date, that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity.

Certain property of the Debtors is likely to be in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledges, assignees of rents, secured creditors, or agents. Through these arrangements, the Debtors' ownership interest is not affected. In light of the movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting such property would be impractical if not impossible. The following chart lists the Debtors' property held by third parties as determined after a reasonable inquiry.

| Location of Debtors' Property | Name, Address, & Telephone Number (if Available) of Person or Entity in Possession of the Property | Location of Court Proceeding (if Applicable) | Summary of Property |
|---|---|---|---|
| Arizona Biltmore | Specialty Risk Persons<br>P.O. Box 415753<br>Boston, MA 02241-5753<br>Tel: (888) 346-3119 | N/A | $12,618 deposit for potential losses on open workers compensation and general liability insurance claims |
| Arizona Biltmore | Hensley & Co.<br>4201 N. 45th Ave.<br>Phoenix, AZ 85031<br>Tel: (602) 264-1635 | N/A | $4,000 liquor deposit |
| Arizona Biltmore | Crescent Crown<br>402 S. 54th Place<br>Phoenix, AZ 85034<br>Tel: (602) 346-5650 | N/A | $7,000 liquor deposit |
| Arizona Biltmore | Valley of the Sun Wines<br>P.O. Box 29165<br>Phoenix, AZ 85038-9165<br>Tel: (800) 507-5754 | N/A | $1,000 liquor deposit |
| Arizona Biltmore | Quench Fine Wines<br>21241 N. 23rd Ave.<br>Suite 21<br>Phoenix, AZ 85027<br>Tel: (623) 587-0427 | N/A | $1,000 liquor deposit |

| Location of Debtors' Property | Name, Address, & Telephone Number (if Available) of Person or Entity in Possession of the Property | Location of Court Proceeding (if Applicable) | Summary of Property |
|---|---|---|---|
| Arizona Biltmore | Alliance Beverage<br>1115 N. 47th Ave.<br>Phoenix, AZ 85043-1801<br>Tel: (602) 760-5500 | N/A | $30,850 liquor deposit |
| Arizona Biltmore | Southern Wine & Spirits<br>2375 S. 45th Ave.<br>Phoenix, AZ 85043<br>Tel: (480) 921-8390 | N/A | $19,500 liquor deposit |
| Arizona Biltmore | Quail Distributing<br>21241 N. 23rd Ave.<br>Suite 10<br>Phoenix, AZ 85027<br>Tel: (623) 581-8081 | N/A | $1,000 liquor deposit |
| Arizona Biltmore | Republic National Distributing<br>624 N. 44th St.<br>Phoenix, AZ 85043<br>Tel: (602) 353-6999 | N/A | $30,000 liquor deposit |
| Arizona Biltmore | Young's Market of AZ<br>500 S. Central Ave.<br>Los Angeles, CA 90013<br>Tel: (866) 215-2477 | N/A | $2,700 liquor deposit |
| Arizona Biltmore | Lanmor Services<br>21240 N. 15th Lane<br>Suite #114<br>Phoenix, AZ 85027 | N/A | $8,939 deposit for capital project |
| Doral | Edca Contractors, Inc.<br>6446 Windmill Gate Road<br>Miami Lakes, FL 33014<br>Attn: Alfredo Llop<br>Tel: (786) 282-0008 | N/A | Deposit for 50% of spa patio |
| Doral | Grand Rapids Chair Company<br>625 Chestnut SW<br>Grand Rapids, MI 49503<br>Tel: (616) 774-0561 | N/A | Deposit for 50% of chairs |

| Location of Debtors' Property | Name, Address, & Telephone Number (if Available) of Person or Entity in Possession of the Property | Location of Court Proceeding (if Applicable) | Summary of Property |
|---|---|---|---|
| Grand Wailea | Specialty Risk Persons<br>P.O. Box 415753<br>Boston, MA 02241-5753<br>Tel: (888) 346-3119 | N/A | $36,474 deposit for potential losses on open workers compensation and general liability insurance claims |
| Grand Wailea | Mitsubishi Electric:<br>Bert Yorita<br>Elevator Division<br>Honolulu, HI<br>Tel: (808) 486-0433 | N/A | $22,553 of elevator parts held in separate warehouse in Maui |
| Grand Wailea | Haleakala Plumbing, Inc.<br>P O Box 786<br>Puunene, HI 96784 | N/A | $100,000 deposit for grease removal project |
| Grand Wailea | Interior Design Solutions<br>34 Naniluana Place<br>Wailuku, HI 96793 | N/A | $22,887 deposit for capital project |
| Grand Wailea | Island Wide Natural Stone & Tile, Inc.<br>1787 Halama Street<br>Kihei, HI 96753 | N/A | $20,000 deposit for capital project |
| Grand Wailea | Maui Garage Doors, Inc.<br>P O Box 71<br>Puunene, HI 96784 | N/A | $5,182 deposit for doors for Bistro Molokini |
| Grand Wailea | Osaki Creative Group<br>2120 Sixth St #7<br>Berkley, CA 94710 | N/A | $9,333 deposit for branding consultant - Kincha Restaurant |
| Grand Wailea | Otis Elevator Company<br>Dept. LA 21684<br>Pasadena, CA 91185 | N/A | $274,724 deposit for elevator modernization project |
| La Quinta | Old Town La Quinta, LLC<br>78-080 Calle Estado<br>La Quinta, CA 92253<br>Attn: Wells L. Marvin<br>Tel: (760) 771-2567 | N/A | $5,000 rent deposit for space lease |

| Location of Debtors' Property | Name, Address, & Telephone Number (if Available) of Person or Entity in Possession of the Property | Location of Court Proceeding (if Applicable) | Summary of Property |
|---|---|---|---|
| La Quinta | Specialty Risk Services LLC<br>690 Asylum Ave T-19<br>Hartford, CT 06115<br>Attn: Jason A. Ferraro<br>Tel: (860) 547-6455 | N/A | $68,245 deposit for potential losses on open workers compensation and general liability insurance claims |
| La Quinta | Southern California Gas Company<br>P.O. Box C<br>Monterey Park, CA 91756<br>Attn: Scott Ackley<br>Tel: (909) 335-3972 | N/A | $19,907 utility deposit |
| N/A | PNC Financial Services<br>USX Tower<br>600 Grant Street<br>Pittsburgh, PA 15219 | N/A | Midland cash management bank - lender controlled lockbox |

## EXHIBIT H

### Summary of Debtors' Property From Which the Debtors' Operate Their Business

Pursuant to Local Bankruptcy Rule 1007-2(a)(9), the following lists the location of the premises owned, leased, or held under other arrangement from which the Debtors operate their businesses as of the Petition Date.

| Debtors' Premises and Address | Owned or Leased |
|---|---|
| Grand Wailea<br>3850 Wailea Alanui<br>Wailea, Maui, HI 96753<br>Maui County | Owned |
| Doral Golf Resort and Spa<br>4400 NW 87th Ave<br>Miami, FL 33178<br>Miami-Dade County | Owned |
| The Spa at Doral<br>8755 NW 36 Street<br>Doral, FL 33178<br>Miami-Dade County | Owned |
| Jim McLean Signature Course<br>5001 NW 104 Avenue<br>Doral, FL 33178<br>Miami-Dade County | Owned |
| La Quinta Resort & Club<br>49-499 Eisenhower Dr.<br>La Quinta, CA 92253<br>Riverside County | Owned |
| Mountain & Dunes Clubhouse<br>50-200 Avenida Vista Bonita<br>La Quinta, CA 92253<br>Riverside County | Owned |
| Real Estate Office / Leasing<br>50-200 Avenida Vista Bonita<br>La Quinta, CA 92253<br>Riverside County | Owned |
| Citrus Clubhouse<br>50-503 Mandarina<br>La Quinta, CA 92253<br>Riverside County | Owned |
| PGA West Private Clubhouse<br>55-955 PGA Boulevard<br>La Quinta, CA 92253<br>Riverside County | Owned |

| **Debtors' Premises and Address** | **Owned or Leased** |
|---|---|
| PGA Tournament Clubhouse<br>56-150 PGA Boulevard<br>La Quinta, CA 92253<br>Riverside County | Owned |
| Greg Norman Clubhouse<br>81-405 Kingston Heath<br>La Quinta, CA 92253<br>Riverside County | Owned |
| Arizona Biltmore<br>2400 E. Missouri<br>Phoenix, AZ 86016<br>Maricopa County | Owned |
| The Claremont Hotel Club & Spa<br>41 Tunnell Road<br>Berkeley, CA 94705<br>Alameda County | Owned |

# **EXHIBIT I**

## Location of the Debtors' Substantial Assets, Books and Records, and Nature and Location of Debtors' Assets Outside the United States

Pursuant to Local Bankruptcy Rule 1007-2(a)(10), the following provides the location of the Debtors' substantial assets, books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States as of the Petition Date.

| Debtors' Assets | Location |
|---|---|
| Debtors' Substantial Assets | See **Exhibit H** - Owned and Leased Property. |
| Debtors' Books and Records | See **Exhibit H** - Owned and Leased Property.<br><br>Pyramid Resort Asset Management<br>One Post Office Square<br>Suite 3100<br>Boston, MA 02109<br><br>Marriot Business Services<br>1965 Marriott Drive<br>Louisville, TN 37777<br><br>The Debtors:<br>c/o CNL-AB LLC<br>1251 Avenue of the Americas<br>New York, NY 10020 |
| Debtors' Assets Outside the United States | N/A. The Debtor has no assets outside the United States. |

# EXHIBIT J

## Summary of the Publicly Held Securities of the Debtors

Pursuant to Local Bankruptcy Rule 1007-2(a)(7), the following lists the number and classes of shares of stock, debentures, or other securities of the Debtors that are publicly held, and the number of holders thereof as if the Petition Date.

There are no shares of stock, debentures, or other securities of the Debtors that are publicly held. The Debtors' directors and officers do not own any shares of publicly-held securities of the debtors.

## EXHIBIT K

### Summary of Legal Actions Against the Debtors

Pursuant to Local Bankruptcy Rule 1007-2(a)(11), the following lists material actions and proceedings pending or threatened against the Debtors or their properties where a judgment against the Debtors or a seizure of their property may be imminent as of the Petition Date. This list reflects actions or proceedings considered material by the Debtors and, if necessary, will be supplemented in the corresponding schedules to be filed by the Debtors in these chapter 11 cases.

| Debtor Entity | Potential Counterparty | Nature of the Action (Claim Amount) | Status |
|---|---|---|---|
| MSR Biltmore Resort, LP | Kerry William Rose and Elizabeth Erene Evers-Rose | Specific performance of real estate sale contract | Pending |
| MSR Biltmore Resort, LP | The Arizona Biltmore Villas Condominium Association | Land dispute | Pending |
| MSR Claremont Resort, LP (potential defendant) | David E. Nelson and Barbara J. Nelson | Personal injury litigation | Potential suit, no service |
| MSR Claremont Resort, LP | Jean Riker and Anna Allen | Alleged violations of Americans with Disabilities Act | Consent decree executed November 2010; discrimination damages and attorney fee settlement negotiations ongoing |
| MSR Claremont Resort, LP | Rasham Nassar | Discrimination complaint | Pending |
| MSR Grand Wailea Resort, LP | Nan Wadsworth, et al. | Hawaii wage-hour statute | Pending |
| MSR Grand Wailea Resort, LP | Chesebro | EPLI complaint | Court decision issued |
| MSR Resort Lodging Tenant, LLC | Barbara Jacobson | Food borne illness | Pending |
| MSR Resort Lodging Tenant, LLC | Molly Maxey & Clarence Maxey | Personal injury litigation | Pending |
| MSR Resort Lodging Tenant, LLC | Julie Hilty | Personal injury litigation | Pending |
| MSR Grand Wailea Resort, LP | Aliya Bethea & Rodolphus Bethea, Jr. | Personal injury litigation | Settled |
| MSR Resort Hotel, LP | City of Doral, State of Florida | Challenge to comprehensive plan | Trial postponed |

# EXHIBIT L

## Debtors' Senior Management

Pursuant to Local Bankruptcy Rule 1007-2(a)(12), the following provides the names of the individuals who constitute the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their responsibilities and relevant experience as of the Petition Date.

| Name / Position | Relevant Experience / Responsibility | Tenure |
|---|---|---|
| **Michael Barr**<br>President | Michael Barr is the Portfolio Manager of the Paulson Real Estate Recovery Fund, a fund of Paulson & Co. Inc. Mr. Barr formerly was a Managing Director of Real Estate Private Equity at Lehman Brothers. Mr. Barr has worked exclusively in real estate since 1992 when he started at Merrill Lynch Real Estate Investment Banking after graduating from the University of Wisconsin. | Appointed 1/31/2011. |
| **Daniel Kamensky**<br>Secretary and Treasurer | Daniel Kamensky is a Partner at Paulson & Co. Inc. Mr. Kamensky formerly was a Senior Vice President at Barclays Capital and Lehman Brothers. Mr. Kamensky also worked as an attorney at Simpson Thacher & Bartlett LLP and holds law and undergraduate degrees from Georgetown University. | Appointed 1/31/2011. |
| **Jonathan Shumaker**<br>Vice President | Jonathan Shumaker is a Vice President at Paulson & Co. Inc. Mr. Shumaker formerly was a Vice President of Real Estate Private Equity at Lehman Brothers. Mr. Shumaker is a graduate of Cornell University and Harvard Business School. | Appointed 1/31/2011. |

# EXHIBIT M

## Debtors' Payroll for the Thirty (30) Day Period Following the Filing of the Debtors' Chapter 11 Petitions

Pursuant to Local Rules 1007-2(b)(1)-(2)(A) and (C), the following provides, for the 30-day period following the Petition Date, the estimated amount of weekly payroll to the Debtors' employees (exclusive of officers, directors, and stockholders), the estimated amount paid and proposed to be paid to officers, stockholders, and directors, and the amount paid or proposed to be paid to financial and business consultants retained by Debtors.

As described herein, the Debtors have no employees and generally do not participate in management and operational activities regarding the Resorts. Resort-level staffing is managed by the Resort Managers at the individual Resorts; corporate or portfolio management is undertaken by the Asset Manager. Accordingly, the Debtors have no payroll expenses.

| Payments | Payment Amount[1] |
|---|---|
| Payments to Employees (Not Including Officers, Directors, and Stockholders) | $0 |
| Payments to Officers, Stockholders, and Directors | $0 |
| Payments to Financial and Business Consultants | $0 |

1 Payment amount for the 30 day period following the filing of the Debtors' chapter 11 petitions.

# EXHIBIT N

## Debtors' Estimated Cash Receipts and Disbursements for the Thirty (30) Day Period Following the Filing of the Chapter 11 Petitions

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the Petition Date, the Debtors' estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

| Type | Amount |
|---|---|
| Cash Receipts | $45,200,000 |
| Cash Disbursements | $44,956,000 |
| Net Cash Gain/Loss | $244,000 |
| Unpaid Obligations (excluding professional fees) | $16,603,000 |
| Unpaid Receivables (excluding professional fees) | $6,300,000 |